

**Kolin-Ruby Wise Waterworks District
No. 11A of Rapides Parish, Louisiana
(A Component Unit of the Rapides
Parish Police Jury)**

**Annual Financial Report
December 31, 2013**

CONTENTS

	Page
Management's Discussion and Analysis	1-5
Independent Auditor's Report	6-7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	8-9
Statement of Net Position – Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	11
Statements of Cash Flows – Proprietary Fund	12
Notes to Financial Statements	13-23
Schedule of Findings and Questioned Cost	24

Introduction

Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana (the Waterworks District) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (hereinafter referred to as GASB 34), and related standards. GASB 34 provides financial statement users a more detailed and comprehensive analysis of the financial performance of the Waterworks District. Please read the following in conjunction with the Waterworks District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the years ended 2012 and 2013 were \$5,456,586 and \$5,341,613, and exceeded liabilities in the amount of \$3,600,264 and \$3,543,864 (i.e., net position). Of the total net assets, \$1,551,958 and \$1,578,833 for 2012 and 2013 were unrestricted and available to support short-term operations, with the balance invested in capital assets, net of related debt, or restricted for capital activity and debt service. Total net position decreased by \$56,400.
- User fee revenues (water sales) for the fiscal year ending December 31, 2012 and 2013 were \$483,620 and \$491,428.
- The Waterworks District's operating expenses, consisting of those expenses resulting from the Waterworks District's ongoing operations totaled \$590,527 and \$614,542 for the fiscal years ended December 31, 2012 and 2013.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Waterworks District's financial condition and performance.

The financial statements report information on the Waterworks District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. The Statement of Net Assets provides information about the nature and amount of the Waterworks District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Waterworks District and assessing the liquidity and financial flexibility of the Waterworks District.

The Statement of Revenues, Expenses, and Changes in Net Assets, accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the Waterworks District's operations in a format that can be used to determine if the Waterworks District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the

source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Waterworks District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes schedule of commissioners and per diem paid to each, summary accounts receivable information, water rates and a schedule of insurance.

Financial Analysis

The purpose of financial analysis is to help determine whether the Waterworks District is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets, and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Waterworks District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Assets

	December 31, 2012	December 31, 2013
Current assets	\$ 1,278,183	\$ 1,381,261
Restricted assets	379,266	314,419
Fixed assets (net)	3,775,597	3,637,996
Deferred charges	<u>23,540</u>	<u>7,937</u>
Total Assets	<u>\$ 5,456,586</u>	<u>\$ 5,341,613</u>
Current liabilities	\$ 42,757	\$ 42,096
Current liabilities (payable from restricted assets)	112,367	110,215
General obligation bonds payable-current	25,997	27,161
General obligation bonds payable-LT	683,336	655,131
Long term debt-Revenue Bonds	<u>991,865</u>	<u>963,146</u>
Total Liabilities	1,856,322	1,797,749
Net Position	<u>3,600,264</u>	<u>3,543,864</u>
Total Liabilities and Net Position	<u>\$ 5,456,586</u>	<u>\$ 5,341,613</u>

Current assets include current assets for operations, receivables and prepaid expenses. Restricted assets include cash and certificates of deposit restricted for bond indentures and customer deposits.

Capital Assets increased by \$2,015 in 2013. Depreciation of \$139,615 is included in net fixed assets and is reflected as net capital decrease of \$137,600.

Total long-term debt decreased by \$54,327 during 2013, which reduced the balance at December 31, 2013 to \$1,672,965.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Operating revenue	\$ 483,620	\$ 491,428
Operating expenses	<u>590,527</u>	<u>614,542</u>
Operating (Loss)	(106,907)	(123,114)
Nonoperating Income (net)	<u>97,785</u>	<u>66,714</u>
Change in Net Assets	(9,122)	(56,400)
Net Position, Beginning of Year	<u>3,609,386</u>	<u>3,600,264</u>
Net Position, End of Year	<u>\$ 3,600,264</u>	<u>\$ 3,543,864</u>

While the Balance Sheet shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table shows a decrease in net position of \$56,400 for the fiscal year ending December 31, 2013, as does the Condensed Balance Sheet on the prior page.

The Waterworks District's total revenues include the sales of water, connection fees, tap fees and late charges.

The Waterworks District's major operating expenses include depreciation expense, insurance, wages and retirement, professional fees, repairs and maintenance and utilities. Nonoperating income includes ad valorem tax, state revenue sharing, rent and interest and nonoperating expenses include interest expense.

Other Significant Account Changes and Financial Trends

One key measure of a Waterworks District's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31.

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Current	\$ 43,423	\$ 35,838
Over 30 Days Past Due	<u>1,894</u>	<u>7,816</u>
Total Accounts Receivable		
(Before Allowance for Bad Debts)	45,317	43,654
Allowance for Bad Debts	(1,884)	(1,884)
Unbilled services	<u>11,661</u>	<u>14,174</u>
Total Accounts Receivable	<u>\$ 55,094</u>	<u>\$ 55,944</u>

Total receivables for water service remained fairly constant reflecting the Waterworks District's efforts in collecting bills and in writing off accounts as they become past due. Past due accounts are referred for collection.

Capital Assets

At the end of the fiscal years ending December 31, 2012 and 2013, the Waterworks District had \$3,775,597 and \$3,637,996 (net of accumulated depreciation) recorded in capital assets. This includes water systems and improvements in the Kolin-Ruby Wise area.

Other significant capital assets include the Waterworks District's investment for the office building and storage for water system equipment and supplies, land owned for the office building site and for water well locations, and equipment and machinery, including vehicles, for water system operation. The changes in capital assets are presented in the table below.

	<u>December 31, 2012</u>	<u>December 31, 2013</u>
Land	\$ 16,359	\$ 16,359
Water Distribution System	5,582,132	5,584,147
Software	83,604	83,604
Vehicles	<u>51,541</u>	<u>51,541</u>
Subtotal	5,733,636	5,735,651
Less: Accumulated Depreciation	<u>(1,958,039)</u>	<u>(2,097,653)</u>
Net Capital Assets	<u>\$ 3,775,597</u>	<u>\$ 3,637,996</u>

Long-Term Debt Activity

The primary source of long-term financing for the Waterworks District water system improvements is revenue bonds financed by the United States Department of Agriculture, Rural Utilities Service (RUS). Interest rates for long-term debt financed through RUS at December 31, 2013, are 4.25%, with initial payment terms for bonds generally at 40 years. Bonds financed for the Waterworks District do not generally require a specific debt to net income or net cash flow ratio, but bond restrictions do state that the Waterworks District must

set its water rates at a level necessary to fund debt service requirements and to pay for the normal operating expenses of the Waterworks District.

Requests for Information

This financial report is designed to provide a general overview of Kolin-Ruby Wise Waterworks District No. 11A of Rapides Parish, Louisiana's finances and to demonstrate the Waterworks District's accountability. If you have questions regarding this report or need additional information, contact the Waterworks District at P. O. Box 3100, Pineville, LA 71361. The phone number for the Waterworks District is (318) 445-4178.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, LA 71360

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Waterworks District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, as of December 31, 2013, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 1–5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting and compliance.

Adler & Pias, LLC
Adler and Pias, LLC

June 26, 2014

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of
Kolin-Ruby Wise Waterworks District No. 11A
Pineville, LA 71360

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of Kolin-Ruby Wise Waterworks District No. 11A, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Kolin-Ruby Wise Waterworks District No. 11A's basic financial statements, and have issued our report thereon dated June 26, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kolin-Ruby Wise Waterworks District No. 11A's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control. Accordingly, we do not express an opinion on the effectiveness of Kolin-Ruby Wise Waterworks District No. 11A's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

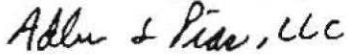
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kolin-Ruby Wise Waterworks District No. 11A's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Adler and Pias, LLC

June 26, 2014

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Statement of Net Position - Proprietary Fund
December 31, 2013

Assets

Current Assets		
Cash	\$231,462	
Certificates of Deposit	969,643	
Receivable(net of allowance for doubtful accounts)	156,043	
Prepaid Expenses	24,113	
Total Current Assets		1,381,261
Restricted Assets		
Cash	262,743	
Certificates of Deposit	51,676	
Total Restricted Assets		314,419
Fixed Assets(net of accumulated depreciation)		3,637,996
Deferred Charges		
Revenue Bond Issue Costs		7,937
Total Assets		<u>\$5,341,613</u>

Liabilities and Net Position

Current Liabilities (payable from current assets)		
Accounts Payable and Accrued Expenses	\$12,011	
Accrued Interest - General Obligation Bonds	17,955	
Retirement Payable	12,130	
Total Current Liabilities (payable from current assets)		42,096
Current Liabilities (payable from restricted assets)		110,215
General Obligation Bonds Payable		27,161
Long-Term Debt		
General Obligation Bonds Payable		655,131
Revenue Bonds Payable		963,146
Total Liabilities		<u>\$1,797,749</u>
Net Position		
Net Investment in Capital Assets, Net of Related Debt	\$1,965,031	
Unrestricted	1,578,833	
Total Net Position		<u>\$3,543,864</u>
Total Liabilities and Net Position		<u>\$5,341,613</u>

The accompanying notes are an integral part of these financial statements.

Kolin-Ruby Wise Waterworks District No. 11A
 (A Component Unit of the Rapides Parish Police Jury)
 Statement of Revenues, Expenses, and
 Changes in Fund Net Position - Proprietary Fund
 For the Year ended December 31, 2013

Operating Revenues		
Water Sales and Tap Fees	\$479,389	
Late Charges and Connection Fees	12,039	
Total Operating Revenues		491,428
Operating Expenses		
Truck Expense	3,378	
Bad Debts	2,488	
Chemicals	8,264	
Collection Expense	1,158	
Depreciation	139,615	
Dues and Subscriptions	6,256	
Fuel and Oil	13,266	
Insurance	61,559	
Office Supplies	816	
Payroll Taxes	2,630	
Per Diem - Board Members	8,238	
Postage and Freight	5,420	
Professional Fees	23,125	
Repairs and Maintenance	17,059	
Retirement Expense	29,702	
Salaries and Wages	174,897	
Supplies	40,784	
Taxes and Licenses	141	
Telephone	14,798	
Utilities	41,599	
Bond Fees	1,755	
Amortization	15,650	
Administrative and General	1,944	
Total Operating Expenses		614,542
Operating (Loss)		(\$123,114)
Nonoperating Revenues(Expenses)		
Ad Valorem Taxes	110,725	
State Revenue Sharing	5,405	
Interest Income	6,575	
Interest Expense	(67,193)	
Misc. Income	4,242	
Rental Income	6,960	
Total Nonoperating Revenues(Expenses)		66,714
Change in Net Position		(\$56,400)
Net Position, Beginning of Year		3,600,264
Net Position, End of Year		<u>\$3,543,864</u>

The accompanying notes are an integral part of these financial statements.

Kolin-Ruby Wise Waterworks District No. 11A
 (A Component Unit of the Rapides Parish Police Jury)
 Statement of Cash Flows-Proprietary Fund
 For the Year ended December 31, 2013

Cash Flows From Operating Activities		
Cash Received from Customers	\$490,579	
Cash Paid to Suppliers for Goods and Services	(252,081)	
Cash Paid to Employees for Services	<u>(207,230)</u>	
Net Cash Provided by Operating Activities		31,268
Cash Flows From Noncapital Financing Activities		
Tax Receipts Collected by Other		
Governmental Agency	\$146,659	
Rental Income	6,960	
Misc. Income	4,242	
State Revenue Sharing	<u>5,405</u>	
Net Cash Provided by Noncapital Financing Activities		163,266
Cash Flows From Capital and Related Financing Activities		
Cash Payments for Purchase of Capital Assets	(\$2,015)	
Principal Payments on Bonds	(54,327)	
Interest Paid	<u>(68,339)</u>	
Net Cash Used by Capital and Related Financing Activities		(124,681)
Cash Flows From Investing Activities		
Interest Income	<u>6,575</u>	
Net Cash Provided by Investing Activities		<u>6,575</u>
Net Change in Cash		76,428
Cash at Beginning of Year		<u>417,777</u>
Cash at End of Year		<u><u>\$494,205</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating (Loss)		(\$123,114)
Adjustments to Reconcile Net Income to Net		
Cash Provided by Operating Activities		
Depreciation	139,615	
Amortization	15,650	
Change in Assets and Liabilities:		
Customer Receivables	(850)	
Prepaid Expenses	3,065	
Customer Deposits	(3,149)	
Accounts Payable and Accrued Expenses	<u>51</u>	<u>154,382</u>
Net Cash Provided by Operating Activities		<u><u>\$31,268</u></u>

The accompanying notes are an integral part of these financial statements

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Kolin-Ruby Wise Waterworks District No. 11A (the Waterworks District) was created by the Rapides Parish Police Jury, as authorized by Louisiana Revised Statute 33:3811. The Waterworks District is governed by a five-member board of commissioners who are residents of and own real estate in the Waterworks District. The board members are compensated for meetings attended. The board is appointed by the Jury and is responsible for providing water service to approximately 1,480 users within the boundaries of the Waterworks District. The Waterworks District employs four full-time employees.

The following is a summary of significant accounting policies.

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments. Generally accepted principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Government Units" and by the Financial Accounting Standards Board (FASB), when applicable. As allowed under GASB Statement No. 62, the Waterworks District has elected to follow (1) all GASB pronouncements and (2) all FASB Statements and Interpretations, APB Opinions and ARBs, no matter when issued, except those that conflict with GASB pronouncements.

B. Financial Reporting Entity

GASB No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Waterworks District includes all funds that are within the oversight responsibility of the Waterworks District. The Waterworks District is a component unit of the Rapides Parish Police Jury. Certain units of local government over which the Waterworks District exercises no oversight responsibility, such as the police jury, parish school board, other independently elected officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Waterworks District. GASB No. 61, The Reporting Entity: Omnibus, amended No. 14 and No. 34 to better meet user needs and to address reporting entity issues that have arisen since their issuance.

C. Fund Accounting

The Waterworks District uses a proprietary-enterprise fund to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, Continued

A proprietary-enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided by the Waterworks District to outside parties, the cost of which is recovered primarily through user fees.

D. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all liabilities associated with the operation of these funds are included on the statement of net assets. The proprietary funds use the accrual basis of accounting. Operating revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

Ad valorem taxes are accounted for using the modified accrual basis of accounting, whereby, revenues are recognized when they become measurable and available as net current assets (within sixty days after year-end). Taxes paid under protest in years prior to 2004 are retained in escrow by the Rapides Parish tax collector and are not recorded as income until released to the Waterworks District after completion of favorable litigation. Now, all of the protested taxes are distributed to the respective tax districts. When the lawsuit is settled, the district may have to issue a refund which is determined by the court. In 2013 the tax collector paid \$-0- for the Waterworks District in protested taxes.

E. Cash

Cash includes amounts in demand deposits, bank money market accounts and certificates of deposit.

F. Fixed Assets

All fixed assets and infrastructure assets are stated at historical cost. Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

G. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance for doubtful accounts.

H. Contributed Capital

Grant funds received from federal and state agencies restricted for use in financing capital improvements are not reflected as revenues. They are recorded in fund equity as contributed capital. This policy changed with the enactment of GASB 63, which calls for Capital Contributions to be shown on the "Statement of Revenues, Expenses and Changes in Fund Position" as a separate line item. The change is effective after December 31, 2011.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies, Continued

I. Budget

A budget has been adopted for the USDA Rural Development Service, however, budgets for proprietary funds are not required by Louisiana law.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Deferred Charges

The cost of issuing revenue bonds in 2010 was deferred and is being amortized and charged to expense over the life of the bonds.

L. Accrued Unbilled Revenue

During the year, customer water meters are read and bills rendered throughout monthly periods. Because there are approximately ten days of unbilled water usage at the end of each month, revenue for water distributed but not yet billed is accrued at fiscal year-end to match revenues with related expenses.

Note 2 - Cash and Certificates of Deposit

Under state law, the Waterworks District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Waterworks District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2013, the Waterworks District had cash (in checking accounts) and certificates of deposit as follows:

Demand Deposits (includes \$262,743 of restricted assets)	\$494,005
Petty Cash	200
Certificates of Deposit (greater than 90 days maturity)	1,021,319
	<u>\$1,515,524</u>

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 2 - Cash and Certificates of Deposit, Continued

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal the amount on deposit with the fiscal agent. Cash and C.D.'s at December 31, 2013 are as follows:

Bank Balances	<u>\$1,515,324</u>
Federal Deposit Insurance	\$750,000
Pledged Securities(uncollateralized)	1,479,934
Total Insurance and Pledged Securities	<u>\$2,229,934</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Waterworks District that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - Receivables

The following is a summary of receivables at December 31, 2013:

Water Sales:		
Billed Services	\$43,654	
Unbilled Services	14,174	\$57,828
Less: Allowance for Doubtful Accounts		(1,884)
		55,944
Ad Valorem Taxes		100,099
Total		<u>\$156,043</u>

Note 4 - Restricted Assets

Certain proprietary - enterprise fund resources are classified as restricted assets on the statement of net position because their use is restricted by applicable bond covenants or for other legal purposes. The "Revenue Bond Sinking Fund" account is used to accumulate monies to be used for debt service payments within the next twelve months. The "Depreciation and Contingency Fund" account is used to provide for extensions, additions, improvements, renewals and replacements necessary to properly operate the Waterworks District. The "Revenue Bond Reserve Fund" is used to report resources set aside to make up potential future deficiencies in the Revenue Bond Sinking Fund Account. Customers' deposits are not associated with the revenue bond indenture. However, these are required deposits from customers to insure against nonpayment of billings or property damage.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 4 - Restricted Assets, Continued

Amounts included in the above listed accounts are as follows:

Revenue Bond Sinking Fund	\$93,361
Revenue Bond Reserve Fund	119,025
Depreciation and Contingency Fund	50,357
Customers' Deposits	51,676
	<u>\$314,419</u>

The balance of all three accounts associated with the revenue bonds were in compliance with the bond indenture.

Note 5 - Fixed Assets

A summary of changes in fixed assets for the year ended December 31, 2013 follows:

	Balance January 1, 2013	Additions	Disposals	Balance December 31, 2013
Land	\$16,359	-0-	-0-	\$16,359
Water System and Equipment	5,582,132	2,015	-0-	5,584,147
Software	83,604	-0-	-0-	83,604
Vehicles	51,541	-0-	-0-	51,541
	5,733,636	2,015	-0-	5,735,651
Less Accumulated Depreciation	(1,958,039)	(139,615)	-0-	(2,097,654)
Total Fixed Assets	<u>\$3,775,597</u>	<u>(\$137,600)</u>	-0-	<u>\$3,637,996</u>

Depreciation Expense for the year ended December 31, 2013 was \$139,615.

Note 6 - Long-Term Debt

In 2005 the Waterworks District issued \$742,000 in water revenue bonds and \$850,000 in general obligation bonds (Series 2005) secured by revenues to be derived from the operation of the water system. The registered bonds were delivered to the United States Department of Agriculture, Rural Development Office. The bonds were issued to finance water system improvements. The bonds carry interest rates of 4.25% and mature in February, 2045 and May, 2030, respectively. The revenue bond is payable semiannually for principal and interest of \$19,567 and the general obligation bond is payable annually for principal and interest of \$57,188.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 6 - Long-Term Debt, Continued

In 2010 the Waterworks District issued a \$550,000 water revenue bond of which \$385,000 is bonds payable (Series 2010) secured by revenues to be derived from the operation of the water system and \$165,000 is ARRA principal forgiveness. The registered bonds were issued by the Department of Health and Hospitals, State of Louisiana. The bonds were issued to finance water system improvements. The bond carries an interest rate of 2.95% and matures in February, 2030. The revenue bond is payable semiannually for principal and interest of approximately \$28,000.

The following is a summary of debt transactions for the year ended December 31, 2013:

	Gen. Obl. Bond 2005	Revenue Bond 2005	Revenue Bond 2010B	Total
Beg. Balance	\$709,333	\$657,958	360,000	\$1,727,291
Additions	-0-	-0-	-0-	-0-
Reductions	(27,041)	(11,285)	(16,000)	(54,327)
Ending Balance	<u>\$682,292</u>	<u>\$646,673</u>	<u>\$344,000</u>	<u>\$1,672,965</u>

The future annual requirements to amortize long-term debt are as follows:

Year End	Principal	Interest	Total
2014	52,452	68,502	120,954
2015	56,355	66,332	122,687
2016-2020	315,502	296,117	611,619
2021-2025	372,344	216,416	588,760
2026-2030	467,097	119,588	586,685
2031-2035	117,228	78,437	195,665
2036-2040	144,661	51,004	195,665
2041-2045	147,326	26,653	173,979
Total	<u>\$1,672,965</u>	<u>\$923,049</u>	<u>\$2,596,014</u>

All sinking fund requirements have been funded in advance(see note 4).

Note 7 - Liabilities Payable From Restricted Assets

The amounts payable from restricted assets, referred to in Note 4, are as follows:

Customer Deposits	\$66,184
Revenue Bonds Payable (Series 2005) - Current Portion	10,526
Revenue Bonds Payable (Series 2010) - Current Portion	17,000
Accrued Interest on Revenue Bonds	16,505
	<u>\$110,215</u>

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 8 - Retirement Plan

All employees are members of the Parochial Employees Retirement System (the system), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two district plans (Plan A and Plan B). All participating Waterworks District employees are members of Plan A.

The Waterworks District provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Waterworks District issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Parochial Employees Retirement System, PO Box 14619, Baton Rouge, LA 70898-4619 or by calling (225) 928-1361.

Covered employees are required by state statute to contribute 9.5 percent of their salary to the plan. The Waterworks District is required by state statute to contribute 15.75 percent. In addition, contributions to the system include one-fourth of one percent of the taxes shown to be collected by the sheriff of each respective parish, except Orleans and East Baton Rouge Parishes. The Waterworks District's contribution to the system for the year ended December 31, 2013 was \$29,702.

Note 9 - Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Waterworks District in September or October and are billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

For the year ended December 31, 2013, taxes of 4.53 and 4.45 mills were levied on property with taxable valuations totaling \$13,186,746 and were dedicated respectively to general maintenance and bond issuance payments of the water system.

Note 10 - Vacation and Sick Leave

Employees of the Waterworks District, depending on their length of service, earn from one to two weeks of noncumulative vacation leave each year, and all employees are granted five days of sick leave annually, with a maximum accumulation of fifteen days. At December 31, 2013, there are no material accumulated and vested benefits relating to vacation and sick leave that should be accrued or disclosed to conform with generally accepted accounting principles.

Note 11 - Risk Management

The Waterworks District is exposed to various risks of loss. It is the policy of the Waterworks District to purchase commercial insurance for the risks of loss to which it would be exposed. In the past year, there have been no claims or settlements in excess of insurable limits.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 12 - Concentrations of Credit Risk

Credit risk for accounts receivable from water sales is concentrated because substantially all of the balances are receivable from customers located within the same geographic region. Future water sales are dependent on the economic and weather conditions in the area serviced by the Waterworks District.

Note 13 - Leases

Lessor - Operating Lease

The Waterworks District has a lease agreement with AT&T to lease a water tower as a site for their communication antennas. The lease is for \$500 per month and is open ended.

Rental income from the rental of the water tower to AT&T amounted to \$6,600 for the year. Future minimum rentals related to this lease are as follows:

Year ended December 31:	2014	\$6,600
	2015	6,600
	2016	6,600
	2017	6,600
	2018	6,600
	Total	<u>\$33,000</u>

Lessee - Operating Lease

There is also a lease with Automation Service & Controls, Inc. for \$625 for monthly service and equipment for the Telemetry and Scada System.

Lease expense from the lease of the Telemetry and Scada equipment amounted to \$7,500 for the year.

Future minimum lease payments related to this lease are as follows:

Year ended December 31:	2014	\$7,500
	2015	7,500
	2016	7,500
	2017	7,500
	2018	7,500
	Total	<u>\$37,500</u>

Kolin-Ruby Wise Waterworks District No. 11A
 (A Component Unit of the Rapides Parish Police Jury)
 Notes to Financial Statements

Note 14 - Evaluation of Subsequent Events

The Waterworks District has evaluated subsequent events through June 26, 2014, the date which the financial statements were available to be issued.

Note 15 - Schedule of Commissioners

Name	Office Held	Term	Meetings Attended	Per Diem
Jim Atkins 2703 Hills Road Pineville, LA 71360 (318)640-3900	President	11/08/2014	12	\$1,704
Les West 5637 Pinekraft Drive Pineville, LA 71360 (318)443-0753	Vice President	07/13/2015	11	\$1,563
David Bates 548 Palmer Chapel Road Pineville, LA 71360 (318)442-0079	Secretary	07/08/2015	11	\$1,563
Manuel Henry P.O. Box 3998 Pineville, LA 71361 (318)619-9227	Commissioner	07/02/2017	12	\$1,704
Kenny Wilson 1450 Palmer Chapel Rd. Pineville, LA 71360 (318)445-5612	Commissioner	07/13/2017	12	\$1,704
Total				<u>\$8,238</u>

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 16 - Insurance

Expiration	Coverage	3786 A-D Cactus Drive	Hwy 107 & 454	193 Palmer Chapel Rd.	1000 Palmer Chapel Rd.
12/18/2014	General Liability				
	General Aggregate	\$3,000,000			
	Products/Compl. Oper. Aggr.	\$3,000,000			
	Personal & Advertising Injury	\$1,000,000			
	Each Occurrence	\$1,000,000			
	Damage to Rented Premises	\$1,000,000			
	Medical Expense(Any One Person)	\$10,000			
12/18/2014	Crime				
	Employee Theft	\$25,000			
	Forgery or Altercation	\$25,000			
	Theft of Money or Robbery	\$25,000			
	Computer Fraud	\$10,000			
12/18/2014	Business Auto				
	Liability-CSL	\$1,000,000			
	Uninsured Motorists-CSL	\$1,000,000			
Continuos	Public Employee Dishonesty	\$100,000			
12/18/2014	Public Officials				
	Aggregate Limit	\$3,000,000			
	Each Wrongful Act	\$1,000,000			
12/18/2014	Property				
	Building 1	\$200,000	\$225,000	\$110,000	\$239,000
	BPP	\$25,000			
	Business Income	\$250,000			
	Pump Station	\$130,000			
	Water Tower	\$200,000			
	Water Pumps	\$200,000			
	Metal Fence	\$10,000			
	Fences		\$7,000		\$7,000
	Water Well			\$10,000	
	Metal Fence		\$10,000	\$10,000	
	Valve				\$3,500
12/21/2014	Workers Compensation				
	Bodily Injury:				
	Each Accident	\$100,000			
	Disease-Policy Limit	\$500,000			
	Disease-Each Employee	\$100,000			

Insurance is provided by Regions Insurance, Inc.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Notes to Financial Statements

Note 17 - Accounts Receivable

Current	\$35,838
Over 30 days	7,816
Total	<u>\$43,654</u>

Note 18 - Water Rate Schedule

<u>Residential</u>	
0-1,000 gallons	\$16.00
\$2.85 for each additional thousand.	
<u>Commercial</u>	
0-10,000 gallons	\$43.00
\$2.85 for each additional thousand.	
<u>Wholesale</u>	
per thousand	\$1.35
<u>LT Commercial</u>	
0-1,000 gallons	\$16.00
\$2.85 for each additional thousand.	

There are 1,456 residential and 24 commercial users on the system.

Kolin-Ruby Wise Waterworks District No. 11A
(A Component Unit of the Rapides Parish Police Jury)
Schedule of Findings and Questioned Cost
For the Year Ended December 31, 2013

Part 1 Summary of Auditor's Results

Financial Statements

Auditor's Report

An unqualified opinion has been issued on the Waterworks District's basic financial statements as of and for the year ended December 31, 2013.

Reportable Conditions

There were no significant deficiencies in internal control over financial reporting required to be disclosed during the audit of the financial statements.

Part 2 Compliance

There were no significant deficiencies in compliance over financial reporting required to be disclosed during the audit of the financial statements.